

## The IBN SINA Pharmaceutical Industry Ltd.

### Status report on compliance with the conditions Imposed by the BSEC

(Report under condition No. 7.00)

Status of compliance with the conditions imposed by the Commission's Notification No. SEC/CMRRCD/2006-158/134/ Admin/44 dated 7th August, 2012 issued under section 2CC of Securities and Exchange Ordinance 1969 (Report under Condition No. 7.00)

Condition No.	Title	Compliance Status	Remarks (if any)
1.1	Board Size (number of Directors-minimum 5 and maximum 20)	Complied	
<b>1.2</b>	<b>Independent Directors :</b>		
1.2(i)	At least one fifth of Directors shall be Independent Directors;	Complied	
1.2(ii)a)	Independent Director does not hold any share or holds less than 1% shares of the total paid-up capital;	Complied	
1.2(ii)b)	Non connectivity with the company's sponsor or director or shareholder who holds 1% or more shares on the basis of family relationship ;	Complied	
1.2(ii)c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies;	Complied	
1.2(ii)d)	Not a member, director or officer of any member of stock exchange;	Complied	
1.2(ii)e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market;	Complied	
1.2(ii)f)	Not is or was a partner or an executive during the preceding 3 years of the company's statutory audit firm.;	Complied	
1.2(ii)g)	Shall not be an Independent Director in more than 3 listed companies;	Complied	
1.2(ii)h)	Non convicted by court of competent jurisdiction for defaulting any loan payment to a bank/ non bank financial institution ;	Complied	
1.2(ii)i)	Non convicted for a criminal offence involving moral turpitude;	Complied	
1.2(iii)	Appointment of Independent Directors shall be by board of directors and subsequently approved by shareholders in the AGM;	Complied	
1.2(iv)	The post of Independent Director(s) can not remain vacant for more than 90 (ninety) days.	Not Applicable	
1.2(v)	Code of conduct for all Board members and compliance matter;	Complied	
1.2(vi)	Tenure of office of an Independent Director (for a period of 3 years, may be extended for 1 term only);	Complied	



Condition No	Title	Compliance Status	Remarks (if any)
1.3	<b>Qualification of Independent Director:</b>		
1.3 (i)	Shall be a knowledgeable individual with integrity who is able to ensure compliance with financial, regulatory and corporate laws and can make meaningful contribution to business;	Complied	
1.3 (ii)	Should be a Business/Corporate Leader/Bureaucrat/University Teacher with Economics or Business Studies or Law background/ Professionals like Chartered Accountants, Cost & Management Accountants, Chartered Secretaries. Must have at least 12 (twelve) years of corporate management/ professional experiences;	Complied	
1.3 (iii)	Relaxation of qualifications of Independent Directors subject to prior approval of the Commission.	Not Applicable	
1.4	Chairman of the Board and Chief Executive Office shall be different individual with clearly defined respective roles and responsibilities.	Complied	
1.5	<b>The Director's Report to shareholders:</b>		
1.5 (i)	Industry outlook and possible future developments in the industry;	Complied	
1.5 (ii)	Segment-wise or product-wise performance;	Complied	
1.5 (iii)	Risks and concerns	Complied	
1.5 (vi)	A discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	Complied	
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss;	Not Applicable	
1.5 (vi)	Disclosure on related party transactions;	Complied	
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any other instruments;	Not Applicable	
1.5 (viii)	Explanation if the financial results deteriorate after going for IPO, RPO, Rights Offer, Direct Listing, etc.;	Not Applicable	
1.5 (ix)	Significant variance between Quarterly Financial performance and Annual Financial Statements and explanation thereon	Not Applicable	
1.5 (x)	Remuneration to directors including independent directors;	Complied	
1.5 (xi)	Fairness of financial statements;	Complied	
1.5 (xii)	Maintenance of proper books of account;	Complied	
1.5 (xiii)	Application of appropriate accounting policies and estimates;	Complied	
1.5 (xiv)	Application of International Accounting Standards (IAS)/Bangladesh Accounting Standards (BAS)/International Financial Reporting Standards (IFRS)/Bangladesh Financial Reporting Standards (BFRS);	Complied	

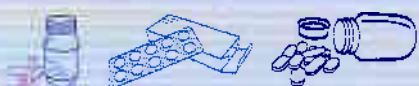


Condition No.	Title	Compliance Status	Remarks (if any)
1.5 (xv)	Efficiency of Internal control system;	Complied	
1.5 (xvi)	Going concerns (ability to continue as going concern);	Complied	
1.5 (xvii)	Deviations in Operating Results ((highlighting significant deviations from last year in operating result);	Complied	
1.5 (xviii)	Key operating and financial data (summarized financial data of at least preceding 5 years);	Complied	
1.5 (xix)	Reasons for non declaration of dividend;	Not Applicable	
1.5 (xx)	Disclosure of number of Board Meetings (no. of Board Meetings held and attendance by each director)	Complied	
<b>1.5 (xxi)</b>	<b>The pattern of shareholding</b>		
1.5 (xxi) a	Parent/Subsidiary/Associated Companies and other related parties (name wise details);	Complied	
1.5 (xxi) b	Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouses and minor children (name wise details);	Complied	
1.5 (xxi) c	Executives;	Complied	
1.5 (xxi) d	Shareholders holding ten percent (10%) or more voting interest in the company (name wise details).	Complied	
1.5 (xxii)	Brief resume of Director in case of the appointment/re-appointment.	Complied	
1.5 (xxii) a	Brief resume of the director;	Complied	
1.5 (xxii) b	Nature of his/her expertise in specific functional areas;	Complied	
1.5 (xxii) c	Name of companies in which the person also holds the directorship and the membership of committees of the board	Complied	
<b>2</b>	<b>Chief Financial Officer (CFO), Head of Internal Audit (HIA) and Company Secretary (CS)</b>		
2.1	Appointment of CFO, HIA & CS and define respective roles, responsibilities and duties of CFO, HIA and CS;	Complied	
2.2	Presence of the CFO and CS in the Board meeting;	Complied	
<b>3</b>	<b>Audit Committee</b>		
3 (i)	Shall have an audit committee as a sub-committee of the Board of Directors;	Complied	
3 (ii)	Assisting Board of Directors in ensuring true and fair presentation of financial statements and also to monitor system;	Complied	
3 (iii)	Reporting and duties of the Audit Committee	Complied	
<b>3.1</b>	<b>Constitution of the Audit Committee;</b>		
3.1 (i)	The Audit Committee shall be composed of at least 3 members;	Complied	
3.1 (ii)	Audit Committee Members Appointment (members should be appointed by the Board with at least one independent Director);	Complied	
3.1 (iii)	Financially literacy of committee members (members should be financially literate);	Complied	





Condition No.	Title	Compliance Status	Remarks (if any)
3.1 (iv)	Terms of Service of Audit Committee (Board to ensure continuity of minimum prescribed number of members);	Complied	
3.1 (v)	Secretary of the committee	Complied	
3.1 (vi)	Quorum of the Audit Committee meeting (at least 1 (one) Independent Director must present).	Complied	
<b>3.2</b>	<b>Chairman of the Audit Committee:</b>		
3.2 (i)	Chairman of Audit Committee (Board to select Chairman from audit committee who shall be an Independent Director);	Complied	
3.2 (ii)	Presence of Chairman of the audit committee in the Annual General Meeting	Complied	
<b>3.3</b>	<b>Role of the Audit Committee:</b>		
3.3 (i)	Oversee the financial reporting process;	Complied	
3.3 (ii)	Monitor choice of accounting policies and principles;	Complied	
3.3 (iii)	Monitor internal control risk management process;	Complied	
3.3 (iv)	Oversee hiring and performance of external auditors;	Complied	
3.3 (v)	Review of annual financial statements before submission to the board;	Complied	
3.3 (vi)	Review of quarterly and half yearly financial statement before submission to the board;	Complied	
3.3 (vii)	Review the adequacy of internal audit function;	Complied	
3.3 (viii)	Review statement of significant related party transactions submitted by the management;	Complied	
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors;	Complied	
3.3 (x)	Reporting utilization of money raised through Initial Public Offering, Repeat Public Offering/Rights Issue in the quarterly financial statements and also to disclose statement of fund utilization for the purpose other than those stated in the offer documents/prospectus.	Not Applicable	
<b>3.4</b>	<b>Reporting of the Audit Committee:</b>		
3.4.1 (i)	Reporting to the Board of Directors;		
3.4.1 (ii)a	Report on Conflict of Interest;	Not Applicable	
3.4.1 (ii)b	Report on defect in the Internal Control System to the Board of Directors;	Complied	
3.4.1 (ii)c	Suspected Infringement of Laws to the Board of Directors;	Not Applicable	
3.4.1 (ii)d	Any Other Matter (out of the above, a-c)	Not Applicable	
3.4.2	Reporting to the Authorities-BSEC (if any material impact on the financial condition & results of operation, unreasonably ignored by the management)	Not Applicable	





Condition No.	Title	Compliance Status	Remarks (if any)
3.5	Reporting to the Shareholders (disclosure of activities of the audit committee in the annual report)	Complied	
<b>4</b>	<b>External/Statutory Auditors:</b>		
4 (i)	Appraisal or Valuation Services (none by the external/statutory auditors);	Complied	
4 (ii)	Financial Information System (none by the external/statutory auditors);	Complied	
4 (iii)	Book Keeping or Other Services (none by the external/statutory auditors);	Complied	
4 (iv)	Broker-dealer Services (none by the external/statutory auditors);	Complied	
4 (v)	Actuarial Services (none by the external/statutory auditors);	Complied	
4 (vi)	Internal Audit Services (none by the external/statutory auditors);	Complied	
4 (vii)	Any other Services (none by the external/statutory auditors);	Complied	
4 (viii)	Not to possess any share of the company (none by the external/statutory auditors)	Complied	
<b>4 (vii)</b>	<b>Subsidiary Company:</b>		
5 (i)	Composition of the Board of Directors of the subsidiary company;	Not Applicable	
5 (ii)	Presence of Independent Director of holding company in the Board of subsidiary company;	Not Applicable	
5 (iii)	Review the Board meeting minutes of subsidiary company in the Board meeting of the holding company;	Not Applicable	
5 (iv)	Reflection in the holding company's Board meeting minutes about review of the affairs of subsidiary company;	Not Applicable	
5 (v)	Review the financial statements of subsidiary company, in particular the investments made by the subsidiary company	Not Applicable	
<b>6</b>	<b>Certification of CEO and CFO to the Board:</b>		
6 (i) a	Financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;	Complied	
6 (i) b	Financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards and applicable laws;	Complied	
6 (ii)	No transactions entered into by the company during the year which are fraudulent, illegal or violation of the company's code of conduct.	Complied	
<b>7</b>	<b>Reporting and Compliance of Corporate Governance:</b>		
7 (i)	Certification on compliance of condition of Corporate Governance Guideline of BSEC and reporting to the shareholders;	Complied	
7 (ii)	Directors' report shall state about the compliance with the conditions of the Corporate Governance Guideline of the Commission	Complied	

